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## **1000 INTRODUCTION**

RSTM 1100      Introduction  
RSTM 1200      Audit Objectives and Audit Standards

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## 1100 INTRODUCTION

We designed the Residency and Sourcing Technical Manual (RSTM) to assist you in conducting residency and source of income audits. The manual serves as a tool to familiarize you with residency and source of income law and as a quick reference.

[Franchise Tax Board Notice 94-8](#) explains that manuals provide you with guidance, but are not authoritative. Neither you nor the taxpayer can cite the manual to support a tax position. This manual is not a substitute for researching the laws and court or Board of Equalization decisions pertinent to an audit issue. Use the manual as an initial step in understanding the issues. The manual provides direction for subsequent research and will allow you to resolve your audit more efficiently.

The manual contains three major sections:

RSTM 2000	Residency Laws, Terms, and Concepts
RSTM 3000	Source of Income Laws, Terms, and Concepts
RSTM 4000	Residency Audit Plan

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**1200 AUDIT OBJECTIVE AND AUDIT STANDARDS**

You conduct yourself and your work in a manner that is both fair and effective. You correctly apply and administer the tax laws in a reasonable, practical, fair and impartial manner. You conduct your audits in a reasonable manner within the bounds of the law, with sound administration, minimal delay, courtesy, and respect to taxpayers. To achieve your objective, you conduct your audits in a manner, which is not unnecessarily burdensome, costly, or intrusive to taxpayers. Our goal is to continually strive for quality, effectiveness, and economy in the services provided to taxpayers.

During the audit process, you identify issues; obtain, evaluate, and document information; and arrive at the correct determination. Your decision is supported by a reasonable interpretation of the tax laws. You conduct your audits in adherence with the following audit standards in all cases:

**Legality** – Ensure audit activities and conclusions agree with established laws and legal interpretations.

**Objectivity** - Examine all relevant, available facts fairly and without bias.

**Timeliness** - Conduct and complete audits with minimum inconvenience to taxpayers.

**Supportability** - Adequately support recommendations with facts and law.

Refer to the General Tax Audit Manual (GTAM) for further information concerning General Tax Audit practices and procedures.

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